



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

m/027/007

Michael O. Leavitt
Governor
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Division Director

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Salt Lake City, Utah 84114-5801
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801-538-7223 (TDD)

June 12, 2000

TO: Mary Ann Wright, Associate Director
FROM: Doug Jensen, Senior Reclamation Specialist *D. Jensen*
THRU: Wayne Hedberg, Permit Supervisor
RE: Western States Minerals Corporation Initiation of Reclamation Work at the Drum Mine

On June 5, 2000, Western States Minerals initiated their reclamation activities at the Drum Mine site. I inspected the site on that date and Western States had a D9N cat and a fuel truck on the site. Jim Ashton, Western States, indicated that the second cat was scheduled to arrive on the site some time later in the day.

The D9N cat, on site, began recontouring a waste dump near the SWEX Pit. Jim indicated that the second cat would be used in tandem with this cat for dump reclamation.

Chuck Cundick, Western States, indicated that the trackhoe would be arriving on the site at a later date. Reclamation of the Alto Site would be the first scheduled task for the trackhoe when it arrives on site. One cat and the trackhoe will be required to complete the reclamation of this site.

The First Amended Settlement and Reclamation Contract, Section 2.2, states that commencement of reclamation activities by Western States will trigger the release the monies agreed to in this section. The reclamation activities have been initiated and these monies can be released at this time.

tm
cc:

Allan Cerny, Western States
Buzz Gerick, Western States
Tom Mitchell, Asst. Attorney General
Rex Rowley, BLM, Filmore FO
Sally Wisely, BLM, State Office
Don Ostler, Dept. of Environmental Quality
Craig Carver, Alfors and Carver LLC
Carl Roberts. DOGM
Tracking File

Drumpartialrel.wpd



June 6, 2000

Mr. D. Wayne Hedberg
Permit Supervisor
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Re: NOTICE OF COMMENCEMENT OF CONSTRUCTION ACTIVITIES
Drum Mine Reclamation, Millard County, Utah;
First Amended Settlement and Reclamation Agreement and
Sole Source Contract No. 006536

Dear Wayne:

With reference to Section 2.2 *Partial Payment of Western's Expenses*, please be advised that Western commenced construction activities at the site yesterday, Monday, June 5, 2000. Western has had personnel at the site for several weeks doing preliminary work prior to starting physical construction activities. Certain surveys have been performed and equipment has been mobilized, and, as of yesterday, actual earth-moving activities have begun. Also, reclamation of the Mizpah drill holes has commenced.

Accordingly, enclosed is an invoice for one-half of the monies to be paid to Western "at the commencement of construction activities". Since we did not know the amount of the accrued interest as of this date, we have left that amount blank to be filled in by you.

Please call John Carmody at 303-425-7042 Extension 23 (or myself at Extension 24) if you have any questions or matters that you wish to discuss.

Sincerely,

Allan R. Cerny
Secretary

RECEIVED

JUN 08 2000

DIVISION OF
OIL, GAS AND MINING

cc: Distribution list attached

INVOICE

Western States Minerals Corporation
4975 Van Gordon Street
Wheat Ridge, Colorado 80033

SOLD TO:

Mr. D. Wayne Hedberg
 Permit Supervisor
 Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801

Invoice Date: 06/05/00

Invoice No. 1042

Quantity	Description	Unit	Amount
	Jumbo Performance Bond (Plus Accrued Interest)		\$ 143,000.00
	Closure of Mine Openings		\$ 20,000.00
	Jumbo Bond, Alto Pit, Etc. (Plus Accrued Interest)		\$ 19,000.00
			\$ 182,000.00
	One half payable as of June 5, 2000, the commencement date of construction activities Plus 1/2 of accrued interest as of June 5, 2000.		\$ 91,000.00
	Per FIRST AMENDED SETTLEMENT AND RECLAMATION AGREEMENT and SOLE SOURCE CONTRACT No. 006536		
		Sub Total	
		TOTAL	